We Claim:

- 1 1. A method for the creation of backed derivatives, comprising the steps of:
- 2 (a) depositing a collateral in a clearinghouse firm;
- 3 (b) electronically advising a custodian firm of the deposit;
- 4 (c) monitoring in real-time for the continued presence of the collateral in the clearinghouse firm; and
- 6 (d) authorizing a depository firm to issue a set of derivatives if the continued presence 7 of the collateral is confirmed.
- 1 2. The method of claim 1, wherein the monitoring step comprises transferring electronic
- 2 confirmations between the clearinghouse firm and the custodian firm, the electronic
- 3 confirmations confirming the continued presence of the collateral in the clearinghouse
- 4 firm.
- 1 3. The method of claim 2, wherein the authorizing step is performed if the electronic
- 2 confirmations indicate the continued presence of the collateral in the clearinghouse firm.
- The method of claim 1, including the additional step of charging a commission for each
 deposited collateral that is being monitored.
- 1 5. The method of claim 1, including the additional steps of assigning a security identifier to
- 2 each derivative in the set of derivative and issuing the set of derivatives for receipt into
- 3 one or more customer accounts.
- 1 6. The method of claim 5, wherein the security identifier is a CUSIP number.
- 1 7. The method of claim 5, including the additional steps of continuously polling the
- 2 clearinghouse firm to confirm the continued presence of the collateral after issuance of
- 3 the set of derivatives.

- 1 8. The method of claim 7, wherein the security identifier is a CUSIP number.
- 1 9. The method of claim 1, wherein the collateral is a payable instrument selected from the group of a bond and one or more accounts payable.
- 1 10. The method as in claim 9, wherein the collateral is the bond and wherein the set of derivatives comprises a series of strips.
- 1 11. The method of claim 1, wherein the collateral is a payable instrument having a first value 2 and wherein the each derivative in the set of derivatives comprises a denomination less 3 than the first value.
- 1 12. The method of claim 1, wherein the custodian firm and the depository firm are the same firm.
- 1 13. The method of claim 1, wherein the clearinghouse firm electronically advises the custodian firm of the deposit.
- 1 14. The method of claim 1, wherein the depository firm prepares the set of derivatives to be issued.
- 1 15. A method for the creation of backed derivatives, comprising the steps of:
- 2 (e) depositing a collateral having a first value in a clearinghouse firm;
- 3 (f) electronically advising a custodian firm of the deposit;
- 4 (g) preparing a set of derivatives to be issued, the set of derivatives having a second value that matches the first value;
- 6 (h) monitoring in real-time for the continued presence of the collateral in the clearinghouse firm; and
- 8 (i) authorizing a depository firm to issue the set of derivatives if the continued presence of the collateral is confirmed.

- 1 16. The method of claim 15, wherein the monitoring step comprises transferring electronic
- 2 confirmations between the clearinghouse firm and the custodian firm, the electronic
- 3 confirmations confirming the continued presence of the collateral in the clearinghouse
- 4 firm.
- 1 17. The method of claim 16, wherein the authorizing step is performed if the electronic
- 2 confirmations indicate the continued presence of the collateral in the clearinghouse firm.
- 1 18. The method of claim 16, including the additional step of providing the electronic
- 2 confirmations to an insurance company for monitoring the first value of the collateral.
- 1 19. The method of claim 15, including the additional step of charging a commission for each
- deposited collateral that is being monitored.
- 1 20. The method of claim 15, including the additional steps of assigning a security identifier
- 2 to each derivative in the set of derivative and issuing the set of derivatives for receipt into
- 3 one or more customer accounts.
- 1 21. The method of claim 20, wherein the security identifier is a CUSIP number.
- 1 22. The method of claim 20, including the additional steps of continuously polling the
- 2 clearinghouse firm to confirm the continued presence of the collateral after issuance of
- 3 the set of derivatives.
- 1 23. The method of claim 22, wherein the security identifier is a CUSIP number.
- 1 24. The method of claim 15, wherein the collateral is a payable instrument selected from the
- 2 group of a bond and one or more accounts payable.

6

7

8

9

10

11

- 1 25. The method as in claim 24, wherein the collateral is the bond and wherein the set of derivatives comprises a series of strips.
- The method of claim 15, wherein the collateral is a payable instrument having the first value and wherein the each derivative in the set of derivatives comprises a denomination less than the first value.
- 1 27. The method of claim 15, wherein the custodian firm and the depository firm are the same firm.
- 1 28. The method of claim 15, wherein the clearinghouse firm electronically advises the custodian firm of the deposit.
- 1 29. The method of claim 15, wherein the depository firm prepares the set of derivatives to be issued.
- 1 30. A computer-implemented method for ensuring that an issuer continues to possess a payable instrument, comprising the steps of:
- 3 (j) establishing a communication link between a custodian firm of the issuer and a 4 clearinghouse firm, the clearinghouse firm having a custodial account for the 5 issuer;
 - (k) polling the clearinghouse firm through the communication link as to whether the issuer possesses the payable instrument in the custodial account;
 - (1) transferring an electronic confirmation from the clearinghouse firm to the custodian firm across the communication link, the electronic confirmation confirming the presence of the payable instrument in the custodial account of the issuer; and
- 12 (m) repeating steps (a) through (c) throughout the trading day.

- 1 31. The method of claim 30, including the additional step of providing the electronic confirmation to an insurance company.
- 1 32. The method of claim 30, wherein the payable instrument is selected from the group of a bond and one or more accounts payable.
- 1 33. The method of claim 30, wherein a set of derivatives is derived from the payable instrument and is issued to customers.
- 1 34. The method as in claim 33, wherein the payable instrument is a bond and wherein the set 2 of derivatives comprises a series of strips.